RECENT CASE NOTES

BILLS AND NOTES—DELIVERY OF INCOMPLETE INSTRUMENT—EXTENT OF AUTHORITY TO COMPLETE.—The defendants endorsed an accommodation note made "to the order of . . ." The person whose name the maker wrote into the blank as payee refused to discount the note. To effect a discount to the plaintiff, the maker therefore had the plaintiff add the words "or bearer." *Held* (two judges dissenting), that the plaintiff could not recover from the accommodation endorsers, as the insertion of "or bearer" was an unauthorized material alteration which avoided the note as to them under the Negotiable Instruments Law. *First Natl. Bank v. Wood* (1918, N. C.) 95 S. E. 140.

Negotiable paper completed before delivery to the accommodated party for purposes of negotiation falls under the general rule, and may not be altered. *Builders' Lime Co. v. Welmer* (1915) 170 Ia. 444, 151 N. W. 100. But where accommodation paper contains a blank for the name of the payee, the accommodated party is "presumed" to have authority to fill that blank for purposes of negotiation in any way consistent with the nature of a negotiable instrument. *Michigan Ins. Bank v. Eldred* (1870, U. S.) 9 Wall. 544; *Bank of Spartanburg v. Mahon* (1906) 75 S. C. 255, 55 S. E. 529; see also 1 Daniel, *Neg. Inst.* (6th ed.) sec. 142. The principal case turns on the court's interpretation of the extent and purpose of such authority. It is clear that the accommodated party may fill in the name of a payee. N. I. L. sec. 14. He may also turn the instrument into "bearer" paper by filling in the word "bearer," the name of a fictitious payee, or in the absence of express prohibition, his own name. See 1 R. C. L. 1027; 1 Daniel, *Neg. Inst.* (6th ed.) sec. 145. In both instances the single aim is to procure negotiation. With such negotiation, therefore, all authority to alter ceases. *Builders' Lime Co. v. Welmer, supra.* And so, until the instrument by such negotiation becomes a note, the authority should continue. *Cf. Douglass v. Scott* (1837, Va.) 8 Leigh, 43 (change of date before negotiation). To hold that the authority is "exhausted" by inserting the name of a payee is to hold that failure of negotiation to that one payee will, contrary to the intention of all the parties, defeat the purpose for which the transaction was entered upon. It seems hardly open to question that the dissent in the principal case represents the sounder view.

CHARITABLE CORPORATIONS—LIABILITY FOR TORTS—ELEVATOR ACCIDENT IN BUILDING OPERATED FOR PROFIT.—The plaintiff's decedent was a tenant in an office building owned by Vanderbilt University and used in part for the accommodation of its law school but occupied chiefly by tenants to whom offices were rented. To a declaration charging that the tenant's death was caused by the negligence of an elevator operator employed by the defendant University a demurrer was interposed on the ground that being an eleemosynary institution it was immune from liability for the negligence of its agents. *Held,* that the defendant was liable, with a *dictum* that a judgment for the plaintiff would be collectible only from the income of the office building or other property of the defendant not used for educational purposes. *Gamble v. Vanderbilt University* (1918, Tenn.) 200 S. W. 510.

The case contains an admirable review of the various theories upon which different courts have rested the generally recognized exemption of charitable corporations from liability for the torts of their agents. See also (1917) 26 YALE LAW JOURNAL, 791; 5 R. C. L. 374. Tennessee had previously adopted the "trust fund theory," which bases the charity's immunity upon the ground